



Approved: 9-16-08

KHPA Board Meeting
August 19, 2008

Board Members Absent:

Rob Kaplan
Dr. Vernon Mills
Joe Tilghman
Commissioner Sandy Praeger

Guests:

Linda Sheppard, Director, Kansas Insurance Department

Connie Hubbell, Board Chair

- Board Chair Hubbell called the meeting to order and reviewed today's agenda.
- Introductions were made of Alexa Posny, Commissioner of Education, and Ken Daniel, recent Nominee to the Board. Commissioner Posny joined the Board as an ex-officio member June 2008, and Ken Daniel was appointed to the Board by Speaker of the House Melvin Neufeld in July 2008. His appointment will be confirmed later this fall by the Senate Confirmation Committee.
- The minutes from the June 19, 2008 Board meeting were reviewed.
ACTION: Motion was made, seconded and carried to approve the minutes as written.
- The proposed 2009 KHPA Board Meeting schedule was reviewed and approved. In 2009, the Board will meet the third Tuesday of the months as outlined here: January 20, February 17, March 17, April 21, June 16, August 18, September 15, and November 17. There will be no meetings held for the months of May, July, October, and December 2009. Further details of the 2009 meeting schedule will be made available at the KHPA Board website at: www.khpa.ks.gov.
- Election of new Board officers will take place at the September 16th Board meeting. Members of the standing Board Committees will be approved at that time as well.

Phil Elwood, Board Legal Counsel

The Committee on Surety Bonds and Insurance considered the Board's request to purchase additional Directors and Officers Liability Insurance (D & O) insurance at its meeting held on August 11, 2008. Attorneys from the Attorney General's Office and from the Kansas Insurance Department encouraged the Committee to deny the KHPA Board's request; they both expressed the opinion that the Kansas Tort Claims Act would provide sufficient protection for the Board and that there was concern about setting a precedent if this Board would be allowed to purchase additional insurance. The Surety Bonds/Insurance Committee has carried the issue over to its September 8, 2008 meeting for further consideration.

ACTION: It was recommended that the Commissioner from the KS Insurance Department follow-up with Board and KHPA Legal Counsel so that the concerns of the KHPA Board are conveyed and that an additional update be provided to the Board at the September 16th meeting.

Rm. 900-N, Landon Building, 900 SW Jackson Street, Topeka, KS 66612-1220

www.khpa.ks.gov

Medicaid and HealthWave:

Phone: 785-296-3981
Fax: 785-296-4813

State Employee Health

Benefits Plan:
Phone: 785-368-6361
Fax: 785-368-7180

State Self Insurance Fund:

Phone: 785-296-2364
Fax: 785-296-6995

Dr. Barb Langner, Policy Director

- As a participant in the State Quality Improvement Institute, Kansas has developed a draft **Medical Home Workplan** which outlined action steps for the measurement of two quality indicators. The two indicators are: 1) 85% of all children in Kansas will have a medical home by 2012; and 2) Avoidable hospitalization for pediatric asthma in Kansas will be reduced to no more than 82 per 100,000 for children aged 0 to 17 years by 2012. A task force of key stakeholders will be convened to begin necessary review of criteria and determine guidelines for these indicators. Continued work will be done in two phases for targeted completion July 2010.
- The **Small Business Health Insurance Steering Committee** was developed as a result of SB 81 legislation passed by 2008 Legislature with the purpose of designing a simpler health insurance package for small businesses. This Committee will hold its initial meeting on August 27th in the KHPA Office and has representation from the small businesses, the insurance industry, a health insurance carrier, and the Kansas Insurance Department. A key stakeholder meeting is planned for the end of September to obtain recommendations and to determine next steps.
- Appointments to the **E-Health Advisory Council** were announced last month and the 16-member Council will hold a planning meeting on September 10th. A report of that meeting will be made at the September 16th Board meeting.

Dr. Andy Allison, KHPA Deputy Director and Medicaid/HealthWave Director

- The proposed changes to the regulations governing the **Durable Medical Equipment (DME) program** were reviewed and discussed. A roll call vote from each Board member was taken requesting approval or disapproval of these proposed regulations.
 - ACTION:** The proposed changes to KARs 129-5-108, 129-10-15a, 129-10-15b, 129-10-17, 129-10-18, 129-10-23a, 129-10-23b, 129-10-25, 129-10-26, 129-10-27, 129-10-200, 129-10-210 were approved. There were three Board members absent from this roll call vote.
 - ACTION:** A request was made for the Board Legal Counsel to continue to work with legislators to revise the language of the legislation which created the Authority, so that the approval of proposed agency regulations can be delegated to the Executive Director.
- The year of 2008 is the second year of the implementation of the new **Disproportionate Share to Hospitals (DSH)** payment and reimbursement formula used by Medicaid hospital providers to offset uncompensated care. During the past several months, a number of hospital providers reported a substantial increase (51% increase) in the percentage of uncompensated care, which will have a significant impact on the distribution of DSH to Medicaid hospitals. Dr. Allison and his staff will continue to monitor this issue and provide an additional update to the Board in the upcoming months.
- The issuance of **plastic ID cards for Medicaid beneficiaries** became effective September 2008 and will replace the monthly paper ID cards previously used. Providers and beneficiaries were advised of this cost-effective improvement in early 2008, and KHPA Medicaid staff expect a smooth transition from the paper card to the plastic card (issued annually). More information is available in the 8-25-08 press release at: www.khpa.ks.gov.
- Dr. Allison reported that the **Durable Medical Equipment (DME) Equipment Exchange program** which is managed by KHPA Medicaid staff along with KU contact staff recently received national accolades for its cost-saving measures. He expressed his appreciation to Kim Brink, KHPA Program Manager, and Sara Sach, KU Contractor, for their exceptional work with this project.
- Effective October 1, 2008, Medicaid applicants will be able to access enrollment information and documents through the **Medicaid Beneficiary Web Portal**. Eligibility information will also be available through a secured on-line site as well.
- Medicaid Eligibility and Outreach staff recently made application to Robert Wood Johnson Foundation to obtain an **eligibility outreach grant** which would maximize resources and improve the presumptive eligibility process. More information on this grant will be shared with the Board when available.

Dr. Hareesh Mavoori, Director of Data Policy and Evaluation

- In late July 2008, the KHPA contract to develop the Data Analytic Interface (DAI) was awarded to Thomson Reuters. The DAI system will consolidate and manage health care data for the Medicaid

Management Information System, the State Employee Health Benefit Program, and the Kansas Health Insurance Information System. A DAI Steering Committee has been established and the project management team is currently holding weekly meetings with the vendor to work out preliminary details and data design and finalize the workplan, which will be sent to the Kansas Information Technology Office for approval before project execution can commence in September 2008.

- The Data Consortium continues its work on the development of health indicators which will be reviewed by the Board at the November 18th meeting. The four workgroups have been meeting regularly and have been reviewing national data sources, studying standard demographic stratification for reporting, and working to identify medical home measures. Recommendations from the four workgroups will be presented to the Data Consortium at the August 20th meeting.

Doug Farmer, Director of State Employees Health Benefit Plan

- The **Health Care Commission (HCC)** recently approved four health care services contracts for the 2009 State Employee Health Benefit Plan Year. Those vendors were: Coventry Health Services, Preferred Health Services, Blue Cross Blue Shield of Kansas, and United Health Care.
- Testimony which had been presented at the August 14th **Joint Committee on Health Policy Oversight** was reviewed, specifically relating to the issue of the state employees' health savings accounts. The passage of Senate Bill 81 by the 2008 Legislature required that the employer contribution by the State equal the contribution to any other health plan offered by the state. It was reported that the requirements of SB 81 are already being met and that KHPA does not intend to take any additional action. There was no additional request for follow-up made by the Oversight Committee on this issue.
- An overview of the **State Self-Insurance Fund/Workers Compensation Plan** was provided which projected a shortfall in the Fund in 2009 of approximately \$1.7 million. The Fund's claims and expenditures have been outpacing the contributions made into the Fund for the past two years, and this situation will continue to receive close review by the Board's Finance and Audit Committee. Ned Holland, Committee Chair, reported that a decision will be made in January 2009 whether or not a supplemental appropriation will be necessary. An additional update will be provided to the Board at the November 2008 meeting.

2009 KHPA Health Reform – Dr. Marci Nielsen, Executive Director

- Testimony had been provided by KHPA Executive staff on August 14th to the **Joint Committee on Health Policy Oversight** on the topics of: 2009 Health Reform Recommendations, Medical Home Delivery Model, Community Health Record Pilot Project, Medicaid Transformation Plan, and the State Employee Health Benefit Program. A copy of the KHPA testimony is available at: www.khpa.ks.gov.
- A list of **requested legislative studies** from the Legislative Coordinating Council (LCC) was reviewed; these studies were requested in the passage of SB 81 by the 2008 Legislature. The general study topics were: a) State Employee Health Care Benefits Program; b) Medicaid Reform; and c) Expansion of Affordable Commercial Insurance. There were a total of 20 topics assigned for study, and KHPA recommended authorship of seven of these studies to the Department on Aging, Office of Inspector General, Department of Revenue, Kansas Insurance Department, and the Department of Health and Environment. The remaining 13 studies would be completed by KHPA. The deadline to complete and submit the studies to the legislative committee was extended from November 1, 2008, to the first day of the 2009 legislative session.

ACTION: The Board reviewed and approved the recommended authorship for the completion of the LCC studies. A letter from the Board will be prepared to the LCC advising them of the assigned authorship.

- Copies of a slide presentation from the 8-14-08 Joint Oversight Committee's testimony were reviewed, which provided an update on health reform package approved by 2008 Legislature, budget implications, an outline of a simplified health reform plan, and additional plans for outreach and education.
 - Dr. Nielsen reviewed those health reform provisions from the passage of SB 81 which will be funded through caseload which were: 1) Tobacco Cessation for Pregnant Medicaid enrollees; and 2) Dental Care for Pregnant Women.
 - Those components of SB 81 which will require supplemental funding are: 1) Employer Sponsored Insurance (ESI) for HealthWave/SCHIP and 2) Citizenship Requirement for HealthWave/SCHIP.
 - One element of SB 81 which will require enhanced funding is the expansion of

HealthWave/SCHIP to 250% of Federal Poverty Level (FPL)

- Upon the Board discussion and consensus, the proposed **2009 Health Reform Package** will include:
 - * Increase Tobacco Products Assessment (Board will review additional revenue estimates at the Sept Board meeting)
 - Statewide Smoking Ban
 - * Expand Medicaid Coverage for Parents/Caretakers to 100% FPL (included in the Medicaid Transformation recommendations)
 - Tobacco Cessation for all Medicaid Recipients
 - Implement Statewide Community Health Record
 - Assist Small Businesses Purchase Affordable Health Insurance
 - KDHE Health Reform Initiatives: Expanded Cancer Screening; Increased funding for Kansas Coordinated School Health Program; and Provide funding for Workplace Wellness Program Grants for Small Businesses (these proposals will be included in KDHE's budget as well as submitted as part of the KHPA health reform package).
- To offer additional outreach and educational opportunities, a **Community Dialogue Tour** is scheduled across Kansas to be held in September and October 2008, and will include meetings with community organizations, local media outlets, health care providers and will close with a public meeting at each location. The Health Reform **Advisory Councils** will return to meet in August and September to receive an update on the Board's recommendations regarding health reform and Medicaid Transformation. Lastly, **Health 101** educational sessions are being planned for legislators during late Fall 2008 which will be separate from the Community Dialogue Tours. These will be held in Topeka, for incoming legislators, as an opportunity to learn more about KHPA and the health reform proposals.
- Board discussion was held regarding the funding options for the recommended health reform proposals outlined above. Those options included:
 - Increase the proposed assessment on tobacco products which is currently proposed at \$.50
 - Propose an assessment on other products such as beer, wine, and soda
 - Propose a provider tax

ACTION: The Board was in general agreement with the health reform proposals as outlined above but requested that the following information be brought back to the September 16th Board meeting: 1) additional revenue estimates on increased tobacco assessments obtained from Department of Revenue; 2) obtain cost estimates related to the expansion of Medicaid coverage for parents and caretakers to 100% and include five-year costs; 3) obtain estimated number of families served if FPL is increased from 37% to 100% for Medicaid coverage.

ACTION: It was suggested that the Board continue the discussion of health reform marketing and that additional marketing/messaging options be brought back to the Board.

ACTION: The Board will provide final approval to the proposed health reform proposals at the September 16th Board meeting.

Kansas Medicaid Transformation – Dr. Andy Allison, Deputy Director

The KHPA Board recommended in June 2008 that a Medicaid Transformation Committee be created to develop recommendations on cost-savings, program improvements, and potential new revenue sources for the Kansas Medicaid Program. Board members who participated on this Committee were: Joe Tilghman, Arneatha Martin, Garen Cox, and Dr. Ray Davis; ex-officio Board members who participated were Secretary Kathy Greenlee and SRS Deputy Secretary Ray Dalton (Linda Sheppard with the Kansas Insurance Department will also participate in any upcoming Transformation Committee meetings). The Committee was chaired by Dr. Andy Allison and met three times during the summer months to review a series of draft Medicaid program reviews in the areas of: Specific Health Care Services and Programs, Populations, Eligibility for Public Health Insurance, and Quality Improvements. Along with these program reviews, the Committee also considered a number of administrative actions, budget proposals, and revenue options. Documents made available today for the Board were:

- **Comprehensive Program Review and Updated Staff Recommendations.** This document outlines the context and the process for Medicaid Transformation, provides a number of comparison tables related to health care expenditures and demographics, describes a summary of the 20 staff recommendations for Medicaid Transformation, and details the fiscal impact of the Transformation initiatives for administration

and caseload. Four of the staff recommendations for Medicaid Transformation will be considered as part of the KHPA FY 2010 budget proposals being submitted (see below for more information on the budget proposals). An additional staff recommendation relating to the expansion of Medicaid for Parents/Caretakers is part of the proposed 2009 Health Reform Package.

- **Summaries of Individual Program Reviews** (14 reviews total). This working document outlines the detailed program review and recommended policy changes for 14 program areas. During this process, the reviews utilized available data and identify areas for improvement, cost-effectiveness, program integrity, quality, promotion and access. The reviews will be completed by end of 2008, and KHPA staff will make these documents available to the Board and to the public at that time.

ACTION: Dr. Allison will review the remaining Staff Recommendations with the Board at the September 16th meeting. The Medicaid Transformation Committee will meet on an as-needed basis, and the Board will be notified of any upcoming meetings.

KHPA Governance Committee Report – Garen Cox, Chair

ACTION: As recommended by the Board, the review of the Board's self-evaluation tool is postponed until the September 16th Board meeting.

Agency Budget Report – Scott Brunner, Chief Financial Officer

- The **FY 2008 Expenditure Report (thru January 2008)** was reviewed and discussed by the Board members.
- The document which outlined the **FY 2008 Expenditures, Proposed FY 2009 and 2010 Budgets** was reviewed and discussed by the Board.
- These documents had been reviewed by the Board Committee on Finance and Audit and recommendation was made to approve.

KHPA FY 2010 Budget Proposals – Scott Brunner, Chief Financial Officer

The following KHPA FY 2010 budget proposals were reviewed by the Board:

- Tobacco Cessation in Medicaid for Pregnant Women – Include in caseload estimates; provision of SB 81
- Dental Care for Pregnant Women - Include in caseload estimates; provision of SB 81
- Employer Sponsored Insurance for HealthWave/SCHIP – Supplemental request; provision of SB 81
- New Citizenship Requirement for HealthWave/SCHIP - Supplemental request; provision of SB 81
- Office of Inspector General Funding - Supplemental request
- Health Promotion for Aged and Disabled – Enhancement request; part of Medicaid Transformation recommendations
- Quality Review in Medicaid Fee-for-Service Programs – Enhancement request; part of Medicaid Transformation recommendations
- Implement Public Health Insurance Outreach Initiatives – Enhancement request; part of Medicaid Transformation recommendations
- Pharmacy Automated and Expanded Prior Authorization (PA) – Enhancement request; part of Medicaid Transformation recommendations
- Enhance Internal Audit Services – Enhancement request
- Expand HealthWave to 250% of Federal Poverty Level – Enhancement request; provision of SB 81
- Increase the Tobacco Products User Fee – Health Reform budget request
- Statewide Smoking Ban – Health Reform budget request
- Tobacco Cessation for all Medicaid Beneficiaries – Health Reform budget request
- Health Information Technology and Exchange – Health Reform budget request
- Assist Small Business to Purchase Affordable Health Insurance – Health Reform budget request
- Expand Preferred Drug List (PDL) to include Mental Health Drugs – Reduced Resource request; part of Medicaid Transformation recommendations – estimated savings of \$800,000 State General Funds and \$2,000,000 All Funds in FY 2010

- Time-Limited MediKan – Reduced Resource request – estimated savings of \$1,500,000 SGF and \$1,500,000 All Funds in FY 2010
- KDHE Health Reform Initiatives: Expanded Cancer Screening, Kansas Coordinated School Health Program, and Workplace Wellness Program Grants for Small Businesses – will be submitted in KDHE's budget but also part of KHPA 2009 Health Reform Recommendations
ACTION: After review of each proposal which included program description, population served, and cost estimates for FY 2009 and 2010, a motion was made, seconded and carried to approve the Supplemental and Enhancement proposals as reviewed.
ACTION: The Reduced Resources were reviewed; motion was made, seconded and carried to approve the Reduced Resources as reviewed. There was one dissenting vote.

Health Care Redesign – Senator Chris Steineger

Senator Steineger presented his recommendations on health care redesign which proposed the consolidation of all existing government health care programs (Medicare, Medicaid, SCHIP, Veterans Administration, etc.) and the issuance of block grant money to each State. The States would administer a single health plan and would contract with a private entity to manage the health insurance claims and payments. He added that this plan had been introduced as a Resolution during last year's legislative session and that he plans to introduce this as a legislative bill during the upcoming session.

Request for Public Comment – Board Chair Connie Hubbell

There were no public comments received during this public comment period.

Dr. Nielsen thanked Board Chair Hubbell for her service to the Board for the past three years and wished her well with her new endeavors.

Adjournment of Meeting – Board Chair Connie Hubbell

- The meeting was adjourned.
- The next Board meeting is scheduled for Tuesday, September 16, 2008, beginning at 8:30 am at the Capitol Plaza, Pioneer Room, 17th and Topeka Blvd., Topeka KS.
- Agenda Items for September Board Meeting will include:
 - Remarks by Senate President Steve Morris
 - Election of new Board Officers and membership to standing Committees
 - Update on Health Reform Proposals for 2009
 - Report on Medicaid Transformation
 - Update on the Health Information Technology
- There will be no KHPA Board meeting during October 2008